

REPORT (MISC. #06131)

BY: General Government Committee, William R. Patterson, Chairperson

IN RE: BOARD OF COMMISSIONERS – SUPPORT FOR AMENDMENTS TO THE REVISED MUNICIPAL FINANCE ACT (PUBLIC ACT 34 OF 2001)

To the Oakland County Board of Commissioners

Chairperson, Ladies and Gentlemen:

The General Government Committee, having reviewed Miscellaneous Resolution #06131 on July 10, 2006, reports with a recommendation that the resolution be adopted.

Chairperson, on behalf of the General Government Committee, I move acceptance of the foregoing report.

GENERAL GOVERNMENT COMMITTEE

MISCELLANEOUS RESOLUTION #06131

BY: Commissioners Eileen T. Kowall, District #6; Thomas F. Middleton, District #4; William D. Molnar District #13 and Eric S. Wilson, District #3

IN RE: BOARD OF COMMISSIONERS – SUPPORT FOR AMENDMENTS TO THE REVISED MUNICIPAL FINANCE ACT (PUBLIC ACT 34 OF 2001)

To the Oakland County Board of Commissioners

Chairperson, Ladies and Gentlemen:

WHEREAS the cost of public employee retiree health care is one of the fastest growing components of governmental budgets; and

WHEREAS with the implementation of new financial reporting standards, the cost of this benefit is becoming more apparent; and

WHEREAS in order to continue to fund this expense and maintain sufficient budget flexibility to provide for necessary public services, local governments need innovative financial tools; and

WHEREAS one such tool is the ability to issue debt in the form of municipal bonds to fund retiree health care obligations so that a consistent debt service obligation, at a lower annual cost, funds the projected retiree health care cost; and

WHEREAS the Revised Municipal Finance Act (Public Act 34 of 2001) does not provide a mechanism to issue debt in the form of municipal bonds for this obligation, limiting local governments to issue debt only in the form of Trust Certificates; and

WHEREAS because of their cumbersome nature and market unfamiliarity, Trust Certificates would cost local governments additional debt service over the life of the issue; and

WHEREAS a change in Public Act #34 of 2001, allowing local governments to issue municipal bonds for this type of obligation would save on annual debt service allowing more resources to be used to support public services.

NOW THEREFORE BE IT RESOLVED that the Oakland County Board of Commissioners supports amendments to Public Act 34 of 2001 (The Revised Municipal Finance Act), to allow local governments the option of issuing debt in the form of bonds to pay the cost of retiree health care.

BE IT FURTHER RESOLVED that copies of this resolution be sent to Oakland County's State Representatives and Senators and to the Michigan Association of Counties.

Chairperson, we move adoption of the foregoing resolution.

THOMAS MIDDLETON, EILEEN KOWALL,
WILLIAM MOLNAR, ERIC WILSON, SUE ANN
DOUGLAS, JOHN SCOTT, WILLIAM
PATTERSON, CHRISTINE LONG, GREG
JAMIAN, TIM MELTON, GEORGE SUAREZ,
MARSHA GERSHENSON, ERIC COLEMAN,
VINCENT GREGORY, JEFF POTTER, CHUCK
MOSS

Resolution #06131

July 20, 2006

Moved by Moss supported by Jamian the resolutions (with fiscal notes attached) on the Consent Agenda, be adopted (with accompanying reports being accepted).

AYES: Coleman, Coulter, Crawford, Douglas, Gershenson, Gregory, Hatchett, Jamian, Kowall, Long, Melton, Middleton, Molnar, Moss, Nash, Palmer, Potter, Rogers, Scott, Suarez, Wilson, Woodward, Zack, Bullard. (24)

NAYS: None. (0)

A sufficient majority having voted in favor, the resolutions (with fiscal notes attached) on the Consent Agenda, were adopted (with accompanying reports being accepted).